

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Richard Hrvol,
Appellant,

v.

City of Cedar Rapids Board of Review,
Appellee.

ORDER

Docket No. 14-101-0356
Parcel No. 14222-06010-00000

On December 23, 2014, the above-captioned appeal came on for written consideration before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. Richard Hrvol was self-represented and requested the appeal proceed without a hearing. City of Cedar Rapids Attorney Jim Flitz is counsel for the Board of Review. The Appeal Board having reviewed the record and being fully advised finds:

Findings of Fact

Richard Hrvol is the owner of a commercially classified property located at 118 16th Street SE, Cedar Rapids, Iowa. It is a two-story conversion with five units built in 1900. It has 2864 square feet of living area; a full, unfinished basement and 388 square feet of attic finish. It also has a deck and two concrete stoops. The site is 0.064 acres.

Hrvol protested to the Board of Review regarding property's 2014 assessment of \$77,326, allocated as \$8820 in land value and \$68,506 in improvement value; this was a change in value since the previous assessment making all grounds available for protest under Iowa Code section 441.37(1)(a)(1). He claimed the property was assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b). The Board of Review reduced the assessment to \$62,891, allocated as \$8820 in land value and \$54,071 in improvement value. Based on the protest record, it appears the

reduction occurred because of an inspection conducted by the Assessor's Office. The Assessor's Office inspection reported the subject property had five units in normal to below-normal condition with little or no updates; and the exterior has deferred maintenance. (Exhibit A). A more detailed written description of the property, which was submitted by the Board of Review, explains that the subject property has an average unit size of 573 square feet and includes three one-bedroom units and two two-bedroom units. Based on the inspection, the Assessor's Office recommended increasing the functional obsolescence to 35% to reflect a lack of parking; and 15% obsolescence was applied to reflect the deferred maintenance of the roof and exterior painting. Additionally, the assessment also reflects obsolescence adjustments for shared utilities, layout, and a lack of onsite parking. (Exhibit B).

Hrvol then appealed to this Board reasserting his claim now asserts the correct market value is \$40,000.

Hrvol asserts the subject property is in a high-crime area and suffers high vacancy due to its location. He also noted the subject has asbestos siding that cannot be easily removed or painted and because the property is in a historical district vinyl siding would not be permitted as a replacement. He also notes the heating, electrical and plumbing systems, and the windows are all very old and would be costly to update. Ultimately, he estimates it would take over \$100,000 to update the property's deficiencies. We note the assessment appears to consider these issues based on a below-normal rating of the improvements. Further, the property was inspected on May 9, 2014, additional obsolescence was applied to the assessment by the Board of Review to reflect deferred maintenance. The Board of Review also indicated in its data conclusions (Exhibit D) that the subject and comparable properties within the market area received a 27% locational adjustment because of the high crime rate contributing to a higher vacancy rate.

Hvrol also submitted three properties he considered comparable to the subject.

Address	Assessed Value	Date of Sale	Sale Price	# of Units	Price/Unit
1507 2nd Ave SE	\$99,229	Apr-14	\$57,000	6	\$9,500
1515 2nd Ave SE	\$48,150	Feb-14	\$21,000	2	\$10,500
1515 Washington Ave SE	\$73,471	Jun-14	\$41,000	4	\$10,250

The record indicates there are few comparable properties that have recently sold; therefore, it would be reasonable to consider these sales despite the fact that the sales occurred after the assessment date. However, there is no other information about these properties, such as their size, condition, or other features such as availability of parking or if the tenants are responsible for utilities. As such, we are unable to determine if the properties are comparable. Moreover, the sales were unadjusted for differences.

The Board of Review submitted three properties it considered comparable to the subject property, including a photograph, the property record card, and a narrative description of each property. (Exhibit C). After adjustments for differences, these properties indicate a value range of \$67,920 to \$73,190; or \$16,980 to \$18,298 per unit. (Exhibit E). The sales occurred in 2012 and 2013 and have similar improvements to the subject. We find this is the best evidence in the record of the fair market value of the subject property as of January 1, 2014.

The Board of Review also submitted an income approach based on the median rents of advertised units. (Exhibit E). However, the Board of Review gave most consideration to the sales comparison approach, and we give this information little consideration. (Exhibit D).

Conclusion of Law

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions reflecting market value are to be considered in arriving at market value. § 441.21(1)(b). Conversely, sales of property in abnormal transactions not reflecting market value shall not be taken into account. *Id.*

Whether other property is sufficiently similar and its sale sufficiently normal to be considered on the question of value is left to the sound discretion of the trial court.

Soifer v. Floyd Cnty. Bd. of Review, 759 N.W.2d 775, 783 (Iowa 2009) (citing *Bartlett & Co. Grain*, 253 N.W.2d 86, 94 (Iowa 1977)). Similar does not mean identical, however, and property can still be considered similar even though each possesses points of difference. *Id.* (citing *Redfield v.*

Iowa State Highway Comm'n, 99 N.W.2d 413, 418 (1959)). Adjustments should be made to account for differences between the comparable property and the subject property to the extent the differences would impact the subject property's market value. *Soifer*, 759 N.W.2d at 783.

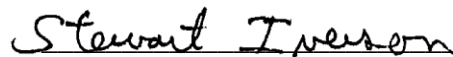
In an appeal alleging the property is assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Hvrol asserts the correct fair market value of the subject property is \$40,000 and submits three sales to support his opinion; Hvrol provided very limited information regarding these sales and we cannot determine if they are comparable properties to the subject. Furthermore, these sales were unadjusted for differences as compared to the subject property. Hvrol did not submit any other indication of the property's fair market value such as an appraisal, a detailed market analysis, or an income analysis. Moreover, we find the Board of Review's sales comparison analysis is the best evidence in the record of the subject's fair market value as of January 1, 2014.

THE APPEAL BOARD ORDERS the 2014 assessment of Richard Hvrol's property located at 118 16th Street SE, Cedar Rapids, Iowa, set by the City of Cedar Rapids Board of Review, is affirmed.

Dated this 2nd day of February, 2014.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair

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